

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

United States Courts
Southern District of Texas
FILED

OCT 11 2018

David J. Bradley, Clerk of Court

UNITED STATES OF AMERICA

v.

KAMALDEEP GANDHI,
Defendant.

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CRIMINAL NO.

18 CR 609

INFORMATION

The UNITED STATES ATTORNEY charges that:

Count One

(Conspiracy to Commit Offenses Against the United States)

1. Beginning in or around March 2012 and continuing through in or around March 2014, in the Southern District of Texas and elsewhere,

KAMALDEEP GANDHI,

the defendant, did willfully, that is, with the intent to further the objects of the conspiracy, knowingly combine, conspire, confederate, and agree with others known and unknown to commit certain offenses against the United States, that is:

a. wire fraud, that is, to knowingly and with the intent to defraud, having devised and intending to devise a scheme and artifice to defraud, and for obtaining money and property by means of materially false and fraudulent pretenses, representations, and promises, knowingly transmit and cause to be transmitted, by means of wire communication in interstate and foreign commerce, writings, signs, signals, pictures, and sounds for the purpose of executing the scheme and artifice, in violation of Title 18, United States Code, Section 1343;

b. commodities fraud, that is, to knowingly and with the intent to defraud, execute and attempt to execute a scheme and artifice to defraud a person in connection with a commodity for future delivery, and to obtain, by means of materially false and fraudulent pretenses, representations, and promises, money and property in connection with the purchase and sale of a commodity for future delivery, that is, E-Mini Dow futures contracts, E-Mini NASDAQ 100 (“E-Mini NASDAQ”) futures contracts, and E-Mini S&P 500 (“E-Mini S&P”) futures contracts, in violation of Title 18, United States Code, Section 1348; and

c. spoofing, that is, to knowingly engage in trading, practice, and conduct, on and subject to the rules of registered entities, namely the Chicago Mercantile Exchange (“CME”) and the Chicago Board of Trade (“CBOT”), that was “spoofing,” that is, bidding and offering with the intent, at the time the bid and offer were entered, to cancel the bid and offer before execution, in violation of Title 7, United States Code, Sections 6c(a)(5)(C) and 13(a)(2).

Purpose of the Conspiracy

2. It was the purpose of the conspiracy for GANDHI and his co-conspirators to deceive other market participants by injecting materially false and misleading information into the E-Mini Dow, E-Mini NASDAQ, and E-Mini S&P futures contracts markets that indicated increased supply or demand in order to induce market participants to buy or to sell futures contracts at prices, quantities, and times that the market participants likely would not have otherwise, in order to make money and avoid losses for GANDHI, his co-conspirators, and Trading Firm A.

Manner and Means of the Conspiracy

3. It was part of the conspiracy that GANDHI and his co-conspirators used the following manners and means:

a. During and in furtherance of the conspiracy, GANDHI and his co-conspirators, including Trader 2 and Trader 3, in order to make money for themselves and for Trading Firm A, and acting within the scope of their employment at Trading Firm A, and with the knowledge and consent of Trading Firm A, placed and caused to be placed electronic trading orders to buy or to sell E-Mini Dow, E-Mini NASDAQ, and E-Mini S&P futures contracts that GANDHI and his co-conspirators intended, at the time the orders were placed, to cancel before execution (the “Fraudulent Orders”).

b. At all times during and in furtherance of the conspiracy, GANDHI (i) was an employee of Trading Firm A, (ii) acted with the intent, at least in part, to benefit Trading Firm A, and (iii) acted within the scope of his authority and employment at Trading Firm A.

c. The Fraudulent Orders were placed on the CME and CBOT, through the CME Group’s electronic trading platform.

d. In placing the Fraudulent Orders, GANDHI and his co-conspirators intended to deceive other market participants by injecting materially false and misleading information into the markets for E-Mini Dow, E-Mini NASDAQ, and E-Mini S&P futures contracts that indicated increased supply or demand, all in order to induce market participants to buy or to sell futures contracts at prices, quantities, and times that the market participants likely would not have otherwise, in order make money and avoid losses for GANDHI, his co-conspirators, and Trading Firm A.

e. The Fraudulent Orders caused wire communications that traveled in interstate commerce because the conspirators executed such wire communications from locations outside of Illinois, which ultimately traveled to Trading Firm A's servers, and the CME Group's servers, located in the Northern District of Illinois. The information conveyed in these wires was then transmitted via interstate wire to market participants located in, among other places, the Southern District of Texas.

Overt Acts

4. In furtherance of the conspiracy and to effect its unlawful objects, GANDHI committed and caused to be committed, in the Southern District of Texas and elsewhere, the following overt acts, among others:

a. On or about November 25, 2013, at approximately 10:41:48.644 a.m. Central Time, GANDHI placed seven Fraudulent Orders to sell a total of 181 E-Mini S&P futures contracts at the price of \$1,804.75; and

b. On or about November 25, 2013, at approximately 10:41:48.645 a.m. Central Time, GANDHI placed 15 Fraudulent Orders to sell a total of 419 E-Mini S&P futures contracts at the price of \$1,804.75.

All in violation of Title 18, United States Code, Section 371.

Count Two

(Conspiracy to Commit Offenses Against the United States)

5. Beginning in or around May 2014 and continuing through in or around October 2014, in the Southern District of Texas and elsewhere,

KAMALDEEP GANDHI,

the defendant, did willfully, that is, with the intent to further the objects of the conspiracy, knowingly combine, conspire, confederate, and agree with others known and unknown to commit certain offenses against the United States, that is:

a. wire fraud, that is, to knowingly and with the intent to defraud, having devised and intending to devise a scheme and artifice to defraud, and for obtaining money and property by means of materially false and fraudulent pretenses, representations, and promises, knowingly transmit and cause to be transmitted, by means of wire communication in interstate and foreign commerce, writings, signs, signals, pictures, and sounds for the purpose of executing the scheme and artifice, in violation of Title 18, United States Code, Section 1343;

b. commodities fraud, that is, to knowingly and with the intent to defraud, execute and attempt to execute a scheme and artifice to defraud a person in connection with a commodity for future delivery, and to obtain, by means of materially false and fraudulent pretenses, representations, and promises, money and property in connection with the purchase and sale of a commodity for future delivery, that is, E-Mini S&P futures contracts, in violation of Title 18, United States Code, Section 1348; and

c. spoofing, that is, to knowingly engage in trading, practice, and conduct, on and subject to the rules of a registered entity, namely the CME, that was “spoofing,” that

is, bidding and offering with the intent, at the time the bid and offer were entered, to cancel the bid and offer before execution, in violation of Title 7, United States Code, Sections 6c(a)(5)(C) and 13(a)(2).

Purpose of the Conspiracy

6. It was the purpose of the conspiracy for GANDHI and his co-conspirators to deceive other market participants by injecting materially false and misleading information into the E-Mini S&P futures contracts markets that indicated increased supply or demand in order to induce market participants to buy or to sell futures contracts at prices, quantities, and times that the market participants likely would not have otherwise, in order to make money and avoid losses for GANDHI, his co-conspirators, and Trading Firm B.

Manner and Means of the Conspiracy

7. It was part of the conspiracy that GANDHI and his co-conspirators used the following manners and means:

a. During and in furtherance of the conspiracy, GANDHI and his co-conspirators, including Trader 4, in order to make money for themselves and for Trading Firm B, and acting within the scope of their employment at Trading Firm B, and with the knowledge and consent of Trading Firm B, placed and caused to be placed electronic trading orders to buy or to sell E-Mini S&P futures contracts that GANDHI and his co-conspirators intended, at the time the orders were placed, to cancel before execution.

b. At all times during and in furtherance of the conspiracy, GANDHI (i) was an employee of Trading Firm B, (ii) acted with the intent, at least in part, to benefit Trading Firm B, and (iii) acted within the scope of his authority and employment at Trading Firm B.

c. The Fraudulent Orders were placed on the CME through the CME Group's electronic trading platform.

d. In placing the Fraudulent Orders, GANDHI and his co-conspirators intended to deceive other market participants by injecting materially false and misleading information into the markets for E-Mini S&P futures contracts that indicated increased supply or demand, all in order to induce market participants to buy or to sell futures contracts at prices, quantities, and times that the market participants likely would not have otherwise, in order make money and avoid losses for GANDHI, his co-conspirators, and Trading Firm B.

e. The Fraudulent Orders caused wire communications that traveled in interstate commerce because the conspirators executed such wire communications from locations outside of Illinois, which ultimately traveled to Trading Firm B's servers, and the CME Group's servers, located in the Northern District of Illinois. The information conveyed in these wires was then transmitted via interstate wire to market participants located in, among other places, the Southern District of Texas.

Overt Acts

8. In furtherance of the conspiracy and to effect its unlawful objects, GANDHI committed and caused to be committed, in the Southern District of Texas and elsewhere, the following overt acts, among others:

a. On or about September 25, 2014, at approximately 12:44:36.390 a.m. Central Time, GANDHI placed one Fraudulent Order to sell seven E-Mini S&P futures contracts at the price of \$1,963.50;

b. On or about September 25, 2014, at approximately 12:44:36.391 a.m. Central Time, GANDHI placed 11 Fraudulent Orders to sell a total of 123 E-Mini S&P futures contracts at the price of \$1,963.50; and

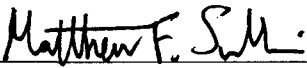
c. On or about September 25, 2014, at approximately 12:44:36.392 a.m. Central Time, GANDHI placed 11 Fraudulent Orders to sell a total of 120 E-Mini S&P futures contracts at the price of \$1,963.50.

All in violation of Title 18, United States Code, Section 371.

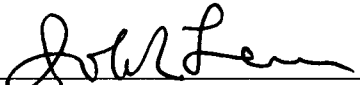
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